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Methodology of establishing communications with corporate consumers in the construction materials market

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Abstract: Modern world dictates its own conditions, and every entrepreneur must master the art of sales strategy, not only master it but also win the battle for profits and market share. Today, strategy is a long-term action plan aimed at achieving an enterprise's global goals. Prior to forming a detailed by-element sales strategy, special attention must be paid to personnel policy because a large part of the success depends on a manager`s individual professional qualities, expertise, communication skills, knowledge, and practice in implementing sales techniques, etc. The authors explore the influence of various channels on the organization's sales volume and suggest basic tasks to form a "direct" selling strategy. The significance of a manager's individual qualities as a mandatory prerequisite for the creation of a successful sales strategy has been established. Special attention is paid to the most effective sources of gathering information about construction objects of various types, which, in turn, allows constant monitoring of the sequence of works, acquisition of proper paperwork from the developer, determining constructional features of a building, and figure out construction technologies used on the object. Such an approach allows for reducing significantly the time spent on the preliminary stage of the sales – search, collection, and structuring information about the potential clients. An analysis of the received data on the implemented strategy was carried out, including all the mentioned components, which allowed, firstly, to cover the entire ground without losing the opportunity of the "touch" with every potential client and, secondly, to be fully prepared for the meeting with the client, which will be a solid foundation for sales techniques. On the basis of the received data, the effectiveness of the considered strategy and the sales department as a whole is evaluated. As a result, the most effective algorithm for materials sales in the construction market is suggested.

Keywords: strategy, profit, construction organization, sales strategy, communications, sales department, market analysis, manager.

1. Introduction

In the conditions of market competition, each enterprise in one way or another tries to increase the number of sales, which will lead to a chain of positive changes, namely an increase in profits,

winning a market share, position strengthening, growth of the company as a whole, etc. There are various ways to do this, for instance, price optimization, the introduction of the latest technological developments in the production and improvement of the goods, an increase in the production of the goods, quality improvements, reduction of excess equipment, production diversification, etc. [1,2].

However, all of them are scarcely effective if the customers are not familiar with the product or the trademark. Most often, a customer is not conscious of a need for a certain thing. To develop a customer’s interest in your products and direct and persuade the customer to buy the product, proper communication methods should be used. Thus, a need for the development of the right strategy arises. It is also worth mentioning that a sales strategy is not just about selling the product, it includes the development of the company as a whole, winning leading market positions, developing the professional qualities of the employees, etc [3, 4].

2. Object and subject of the research

The object of the research is the “direct” selling strategy in the construction materials market as a factor of increase in the effectiveness of a construction and production enterprise. Sources of the search for construction objects as the key element of the analysis of potential sales channels of goods and services from the point of view of the narrow construction orientation of the business constitute the object of the research.

3. Purpose and objectives of the research

The purpose of the study is to systematize sources of search for objects to create client bases in the market of construction organizations for the formation of a “direct” sales strategy. The achievement of the purpose set is possible through the proper setting of a number of tasks, namely:

- Analysis of the construction market as a whole;
- Segmentation and establishing potential clients;
- Market competition analysis;
- Analysis of strengths and weaknesses of the enterprise;
- Formulation of a strategic marketing problem;
- Analysis of the results of the works carried out;
- Selection of the final most successful strategy.

4. Literature review

The development of the construction business, the use of modern technologies, the improvement of the construction methods, and, at the same time, the emergence of a new generation of developers with a modern communications approach predetermine the need to improve sales strategies. The modern world dictates its own conditions, and every entrepreneur must master the art of sales strategy, not only master it but also win the battle for profits and market share [5, 6, 7]. Today, strategy is a long-term action plan aimed at achieving an enterprise’s global goals. The works of such scientists as O. Dannikov, I. Ansoff, V. Pylypchuk, R. Fedorovych, and K.Hlazkova are dedicated to the research of the sales strategies of enterprises.

The strategy of “direct” sales, being a component of the general strategy of the enterprise, directs activities to achieve the following strategic goals [8, 9, 10]:

- an increase in the share of the goods or services of an enterprise in the market;
- an increase in the volume of sales of an enterprise;
- an increase in the profit of an enterprise;
- winning leading positions in the market;
- etc.

Prior to forming a detailed by-element sales strategy, special attention must be paid to personnel policy because a large part of the success depends on a manager`s individual professional qualities, expertise, communication skills, knowledge, and practice in implementing sales techniques, etc. [11, 12]. The very notion of "direct" selling implies the work of a manager "in the field", which requires special skills and knowledge from the point of view of both professional expertise about the goods and services of an enterprise and successful interpersonal communication and interaction with the potential clients of the company because a special role in the techniques of the sales of the company's products belongs to the skill of selling "your" everything.

According to the definition by the American Direct Selling Association, "direct selling" is the marketing of products and services directly to consumers in a person-to-person manner, away from permanent retail locations. Products and services get supplied to the customers by independent sellers; depending on the company, these sellers may be called distributors, representatives, consultants, or otherwise. "Direct" selling gets executed mainly through home group demonstrations and one-to-one sales directly during personal presentations or demonstrations and sales of the goods and services to customers, usually, at their homes or works.

Now, when there are professional managers with detailed knowledge and skills in the necessary field of the construction market, the problem of forming a "direct" selling strategy for an organization remains unaddressed.

5. Methods of the research

The strategy suggested in the present work was elaborated and implemented in the sales department as the most successful by Bautech-Ukraine, LLC all over Ukraine. The authors took into consideration one of the lines of work of the company – sales of Edilteco thermal and sound insulation materials in Odesa.

The construction materials market field has several peculiarities from the point of view of "direct" selling, meaning the work of a manager "in the field." First, the analysis of the sales strategies showed that the most successful managers working directly with the customers are involved in the construction of large industrial objects (industrial refrigerators, warehouses, trade centers, etc.) and multi-storey residential buildings, Figure 1, and secondly, in most cases construction industry predetermines the need to purchase materials in a set with works and a guarantee, so to speak, on a turnkey basis, therefore, a commercial offer should have included the cost of the materials of the manufacturing plant and the services for the execution of the works from a service provider which also had a decisive influence on the selling effectiveness.

The discovered distinctive feature of a manager of a manufacturing organization working directly with a customer, given the development of a proper strategy, allowed a maximum increase of the margin of the product since the provider of the works execution services does not include "interests" for the materials, earning solely on the works, because of getting the former from the manufacturer's plant. And working with large objects allowed large volumes of sales that resulted in the maximization of the enterprise's profit.

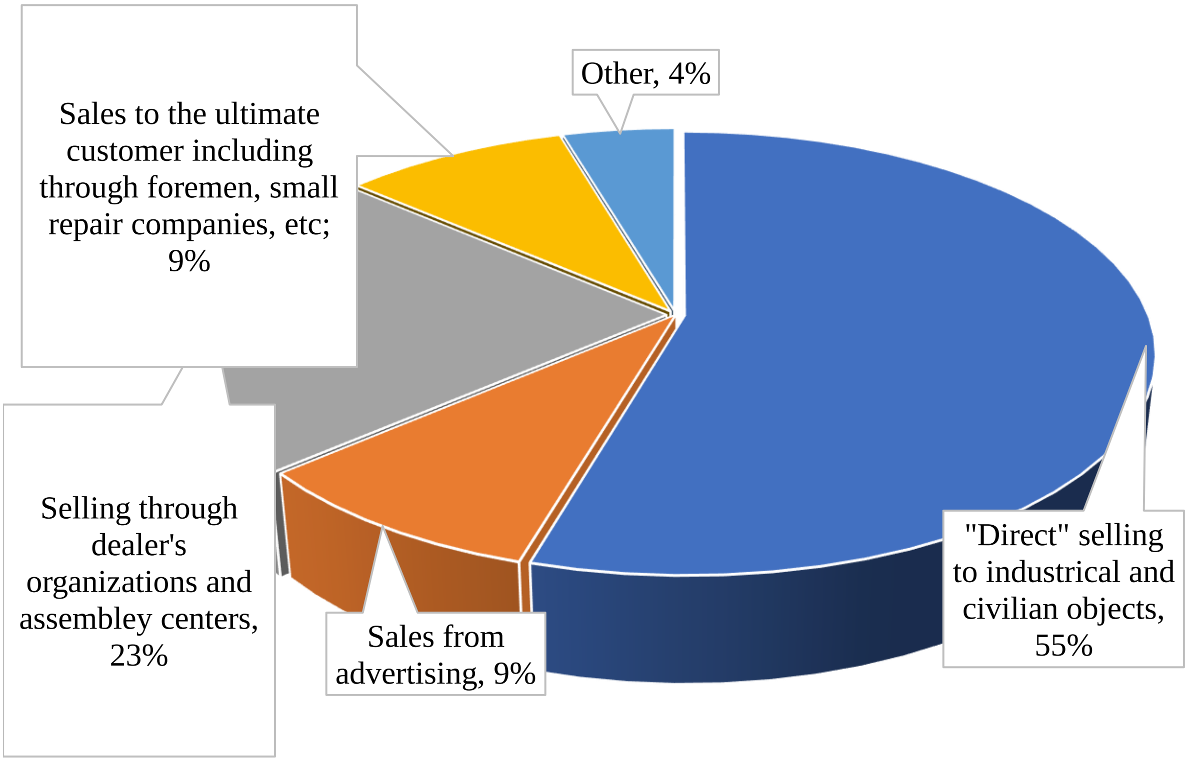


Figure 1. Share of the sales volume for various channels for 2021.

Therefore, it made sense to search and determine industrial and residential objects in the city of Odesa. For that, the list of the most fruitful sources got formed, Table 1.

Table 1. Sources of the search for construction objects.

Sources of the search for construction objects	Type of the object
2GIS	Mainly residential buildings
LUN	Residential buildings
Construction exchange	Industrial and residential buildings, state-ordered construction
Searchable bulletin boards	Small private buildings, offices, etc.
Other search services	Small private buildings, offices, etc.
In-person visits around the city	Residential and industrial buildings

The modern world requires modern approaches. For some time, it has become convenient to carry out the analysis using popular programs used by the majority of the citizens of Ukraine. Thus, even without leaving the office, the managers of the companies acquire full information about construction sites using open sources like LUN and 2GIS. LUN website allows continuous monitoring of the sequence of the works carried out, acquisition of the relevant paperwork from the developer, determination of the distinctive construction features of a building, determination of the construction technologies applied on the object, and many other things, Figure2.

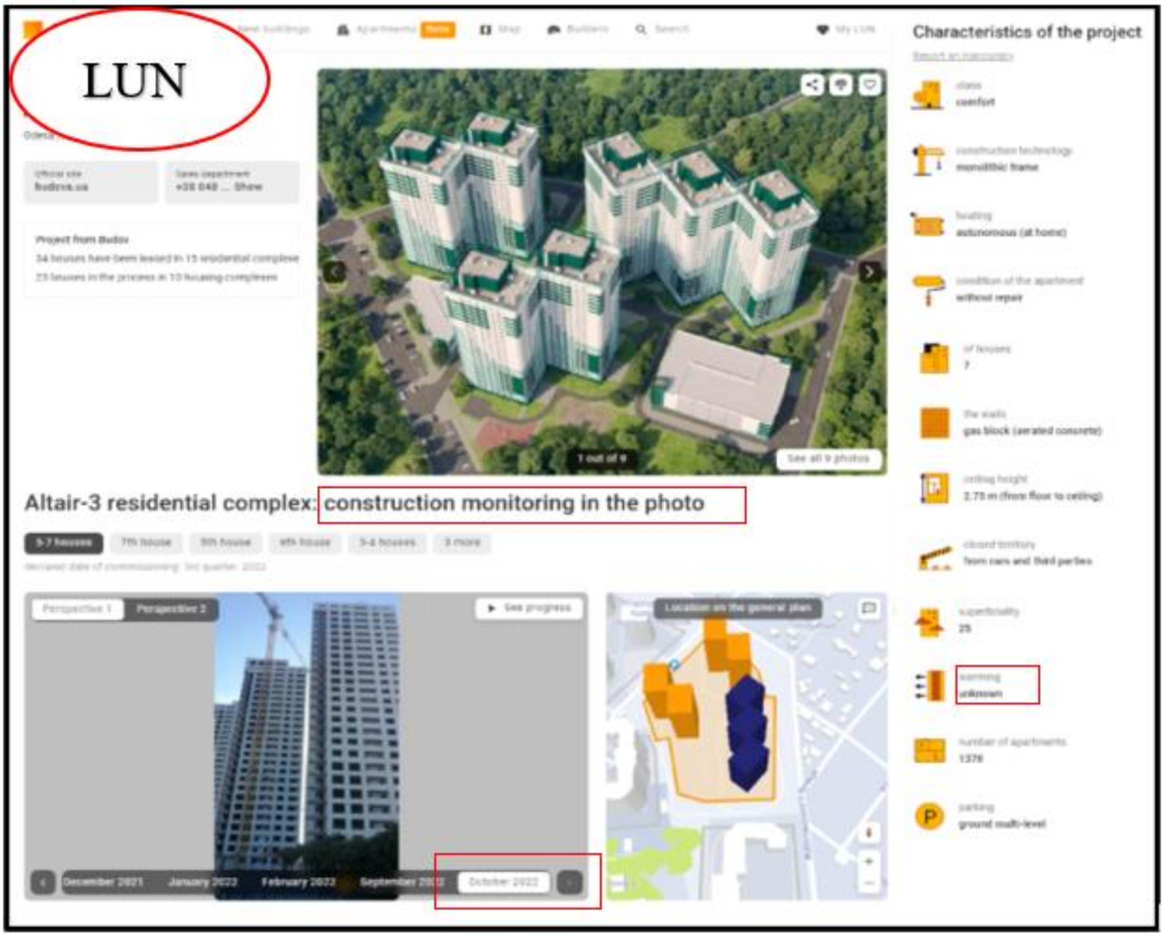


Figure 2. Information about construction objects on the LUN website, Odesa.

2GIS map of the city, Figure 3, allows the best possible structured arrangement of the objects of civilian construction in compliance with several criteria namely:

- Precise address;
- Filter by the objects of a particular developer;
- Filter by the construction object and construction organization as potential clients;
- The status of the construction;
- Information about the developer;
- Other.



Figure 3. Information about construction objects on 2GIS, Odesa.

This approach makes it possible to maximally reduce the time spent on the preliminary stage of sales – searching, collecting and structuring information about potential customers.

Special attention in developing a successful "direct" selling strategy is paid to the use of the construction exchange as one of the most effective sources of the search for construction objects, Figure 4. The construction exchange performs monitoring of the market, selection, verification, and systematization of the information about the objects. It is worth saying that none of the abovementioned sources can compare to the current one in the amount of the provided information about industrial objects, public institutions, commercial and entertainment facilities, sports facilities, etc. These data are also interesting for companies and enterprises that operate professionally in the construction market: architects and designers, organizations that carry out construction and installation works, companies that rent out construction machinery and equipment, technology and service companies, producers and suppliers of construction materials, equipment and machinery, and analytical and marketing agencies.

The base of construction objects and tenders in Ukraine contains:

- Information about state and commercial tenders;
- Data about new construction, as well as about plans and conceptual projects;
- Objects of industrial, residential, trade and entertainment, sports, office, and other kinds of construction;
- Information supported by photographs, description of the plan, number of floors, precise address, acreage of the building, etc.;
- Contacts of responsible persons for every object;
- Stages of the development (construction, reconstruction, commissioning into operation, execution of the works, or the suspension of the project).

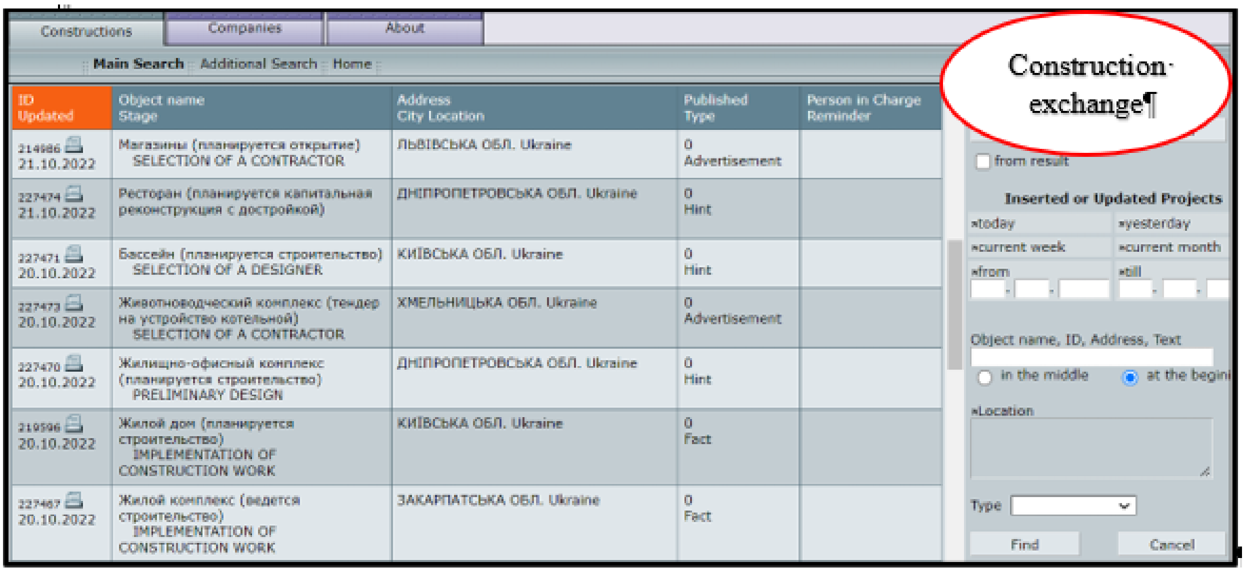


Figure 4. Information about the potential objects on the construction exchange, Odesa

The modern world allows gathering all the necessary information from a large number of search services and bulletin boards. High-quality use of these sources in the complex with the ones considered above allows spending much less time yet still, achieving the main goal of any business – sales increase and profit growth.

6. Results of the research

Maximum effectiveness of the work of any sales department, including one in the construction field, gets achieved through meticulous processing of the territory, detailed and precise analysis and systematization of further actions, Table 2.

Primarily, the present analysis should include absolutely each civilian and industrial object, its address, contact of the decision-maker, peculiarities of the work, etc. Such an approach will allow, firstly, to cover the entire ground without losing the opportunity of the “touch” with each potential client and, secondly, to be fully prepared for a meeting with a client, which will create a solid foundation for sales techniques. It is worth mentioning that the area of responsibility of every manager should be based, foremost, on the territorial principle, which will reflect positively on internal competition.

Table 2. Data analysis and collection.

Regional manager Bondarenko V.M., Odesa			
Object		**Progress**	**Contacts**
Prokhorivsky District Residential Complex, *Address: 40, Prokhorivska Str. Developer: STIKON*	Section 1	Flat roof installment works were executed using “Isolcap Roof 200 kg/m^3” in the amount of 300 m^3. Approximate acreage of the roof – 650 m^2. Works carried out by Better Choice, the service provider.	General Designer of the STIKON Company name, phone – Head Engineer of the STIKON Company - name, phone – Director of the service provider Better Choice - name, phone -
	Section 2	“Isolcap Roof 110 kg/m^3” is introduced into the structure of the flat roof as an insulating and slope-forming layer. Approximate acreage of the roof – 650 m^2. Better Choice, the service provider, is planned to carry out the work.	
	Section 3	Work in progress with the design department of the STIKON Company as to the design of the flat roof structure using “Isolcap Roof 110 kg/m^3” Approximate acreage of the roof – 650 м^2.	
	Section 4	Information about the construction structures and the need for materials is gathered.	
Golden Era Residential Complex, *Address: 3, Pivdenna Str., Developer: DK PRIVILEGE*	Section 1	Work in progress with the DK PRIVILEGE Company's design department regarding the structure of the floor and the roof of the parking. Approximate acreage – 3500 м^2.	Director of the *DK PRIVILEGE* - name, phone - Designer of the *DK PRIVILEGE* - name, phone -
	Section 2	Information about the construction structures and the need for materials is gathered.	
	Section 3	Information about the construction structures and the need for materials is gathered.	
	Section 4	Information about the construction structures and the need for materials is gathered.	
A House on Mishchanska Residential Complex, Address: 36, Zaslavskoho Str. *Construction operator: Pichugin Development*	Section 1	A meeting is planned with the director of the company. Information about the construction structures and the need for materials is gathered.	Director of the *Pichugin Development Company* - name, phone -

The given search sources for construction objects have specific peculiarities in terms of the presence of the information and its amount. Thus, the conducted work made it possible to determine the share of available data on potential objects depending on the search source. It has been established that the majority of the information is concentrated on 2GIS, LUN, and the construction exchange, Figure 5. Thus, the use of the specified resources will allow to collect information about approximately 76% of all potential objects of the corresponding city.

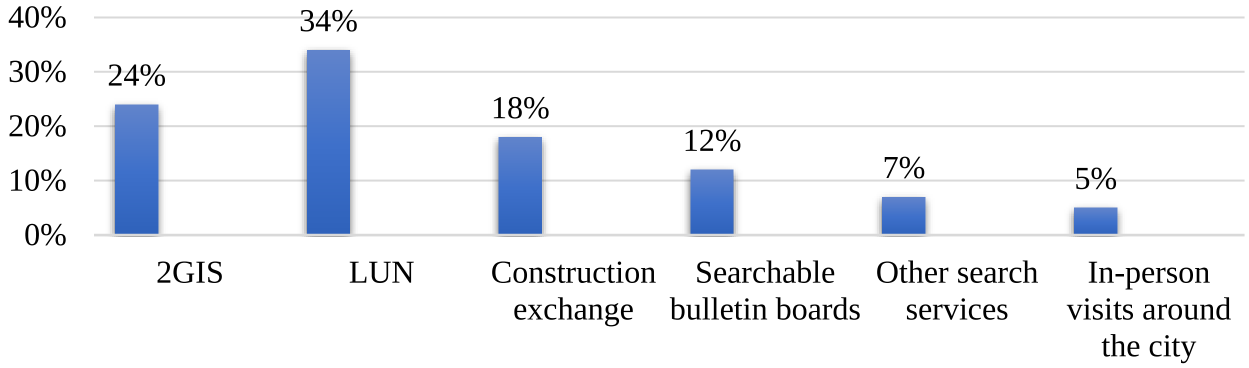


Figure 5. Share of the available data about a potential object.

To a lesser extent, the amount of the gathered information gets influenced by searchable bulletin boards, other search services, and in-person visits around the city, 12%, 7%, and 5%, respectively. Nevertheless, it is worth mentioning that the greatest result can be achieved only through comprehensive data processing with the use of all available sources.

Ultimately, the use of the present strategy required a bottom-line analysis of the effectiveness through the comparison of the number of commercial proposals made and the number of successful contracts, Figure 6. Given that these indicators may vary depending on the level of professionalism and experience of a manager, it was decided to use an average indicator for the entire sales department. Thus, the analysis of graphic correlations testifies that a successful contracts ratio constitutes over 20%, that is, every fifth commercial offer.

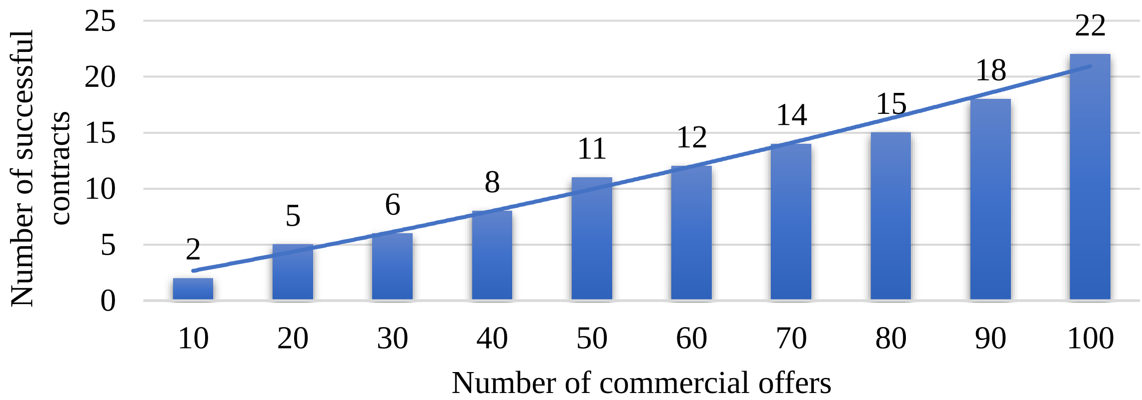


Figure 6. Analysis of the effectiveness of the sales department.

It is worth mentioning that the improvement of this indicator can be achieved not just through the perfecting of the sales strategy of an enterprise but also the improvement of the personnel policy and modernization of the sales techniques because, as was stated above, a combat unit of the sales department is a sales manager. In other words, the success of every organization depends on a comprehensive approach to the improvement of all the above-mentioned components. At that, the evaluation of the effectiveness of its work should be done using the following formula:

Effectiveness of the work = Performance of the sales department / Resources spent on the sales strategy and personnel policy

Thus, as a result of the research carried out, an algorithm for the work in the construction market can be suggested:

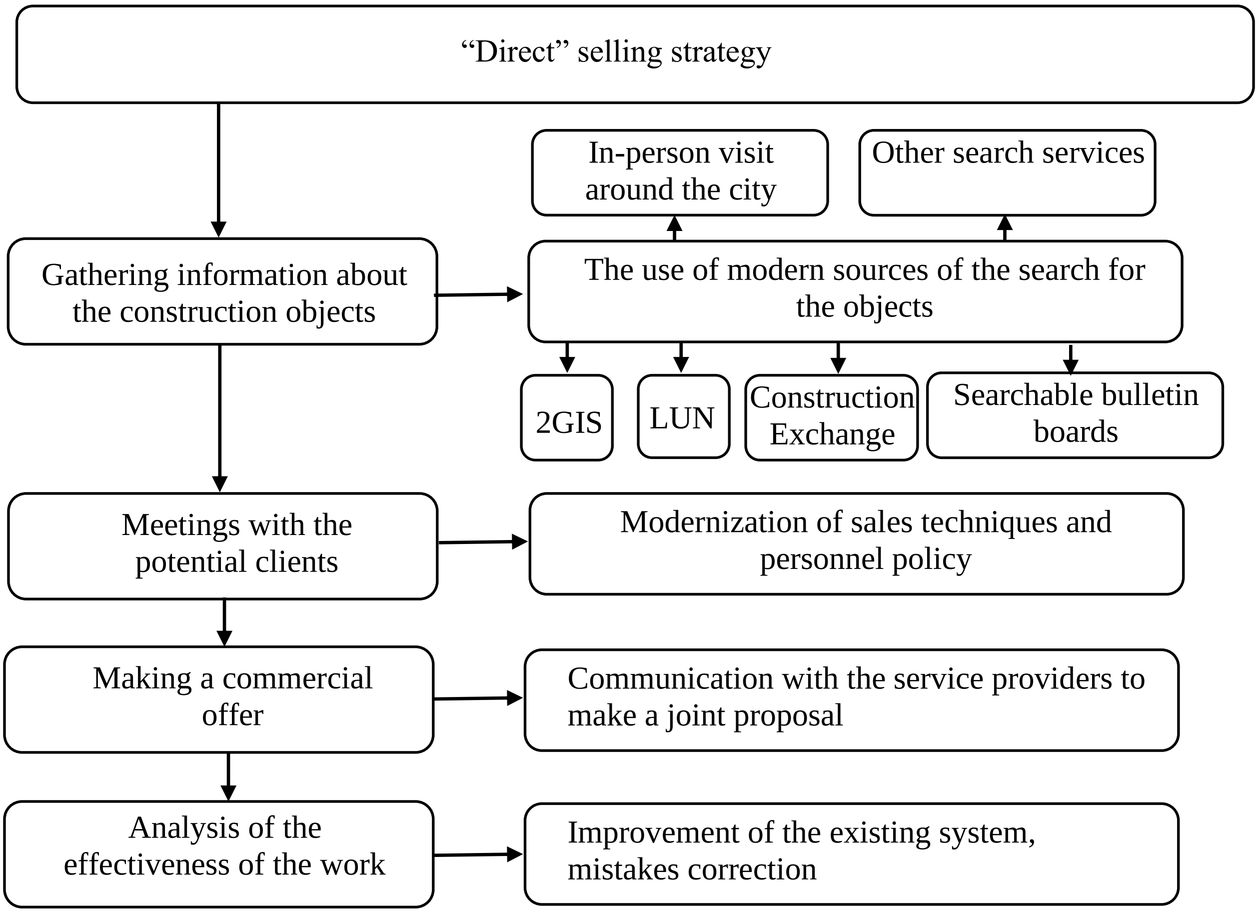


Figure7. Block diagram "Direct" Selling Strategy.

7. Perspectives for the further development of the research

Prior to the use of the suggested "direct" selling strategy in the market for construction materials, it is necessary to meticulously analyze the needs of the developer: research the designed constructive solutions in which certain materials are used, analyze the time of execution of separate special works for a timely start of the operations on the object, learn the history of the developer and possible peculiarities of the work, compile a detailed proposal plan oriented on the needs of the client, etc. It does not make sense to try and cover all possible needs at once using all the nomenclature of own products. That way you risk being left with nothing.

In addition to the implementation of a perfectly tested strategy of "direct" sales, it is necessary to understand that in order to win and maintain leading positions in the market [13, 14], so to speak, defensive actions are needed, which include:

- Preemption of the competitors' actions;
- Introduction of novelties in your field;
- Design of own products that compete between themselves as well as the elaboration of the best solutions and the ability to suppress the competitors' actions with them;
- Ability to define a leader's weak sides and "hit" there;
- Concentration of the powers on the parameters of the product that are a weakness for the leader, but are important for the target customer.

When opening a fundamentally new direction in own construction materials production and working on a new hypothesis, less active actions can be suggested, namely:

- Find a small market segment you can cover;

- Conduct active actions the specified segment with the tested strategies in mind;
- Be flexible meaning being ready to go to a different segment or leave the market at any moment because the arrival of "big" players in your segment will "smash" you.

For the maximum efficiency of any organization, including one in the construction field, besides the use of the "direct" selling strategy, the use of more universal strategies is required, even if the beneficial effect will be insignificant in comparison [15]. This means the use of modern advertising services and platforms to popularize the product and the company as a whole, as well as establishing work with distributors and all intermediaries involved in the sale of the product, its promotion, etc. The customer is supposed to request your product in search services and construction markets himself. This gets achieved by means of promotion tools (advertising, PR, sales stimulating, personal sales, marketing). In this case, all the tools and periods of their use should be written into promotion strategies.

When it comes to promotion, you have to make it beneficial for the distributors to sell your product. For instance, that goal is attainable by means of discounts for trade representatives.

At first sight, the choice and elaboration of the strategy seem like a labor-consuming and long-lasting process. In fact, these are very interesting levels, and when you pass all of them, you may realize the need to build a necessary strategy pyramid.

8. Conclusions

The main topic of this article comes down to the entrepreneurs of the construction industry, which has numerous specific features, being conscious of the significance of the "direct" selling strategy and realizing that the use of modern services, improvement of the methods of work, and communicative abilities of the personnel will bring a maximum result in the work of the organization. Testing various strategies allows knowing your way around the competitive market environment better.

The elaboration of the "direct" selling strategy will allow an enterprise:

- Expanding the client base significantly and increasing the sales volume;
- Increasing the competitiveness of the goods/services;
- Creating a tool for the mass attraction of customers;
- Designing effective pricing and product strategies;
- Improving the quality of client service.

If, after the launching of the implementation of the "direct" selling strategy, an enterprise improves its indicators significantly, it means that the strategy works. Given the absence of any changes, it is worth revising the strategy applied.

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